

- to provide security in accordance with BellSouth BSP008-140-230BT (Design, Development, Maintenance and Administration Security Standards for Network Elements, Network Element Support Systems, and other Computer Systems.)

2. **Revenue Protection**

2.1 Where BellSouth services are being *resold* and where SOSCo is using a BellSouth port, SOSCo will have the use of all present and future fraud prevention or revenue protection features, including prevention, detection, or control functionality embedded within any of the network elements available to BellSouth. These features include, but are not limited to, screening codes, call blocking of international, 800, 900, and 976 numbers.

2.2 The party causing a provisioning, maintenance or signal network routing error that results in uncollectible or unbillable revenues to the other party shall be liable for the amount of the revenues lost by the party unable to bill or collect the revenues less costs that would have been incurred from gaining such revenues. The process for determining the amount of the liability will be as set forth in Attachment 7, Section 6 of this Agreement.

Uncollectible or unbillable revenues resulting from the accidental or malicious alteration of software underlying Network Elements or their subtending operational support systems by unauthorized third Parties shall be the responsibility of the Party having administrative control of access to said Network Element or operational support system software to the extent such unbillable or uncollectible revenue results from the gross negligence or willful act or omission of the Party having such administrative control.

2.3 BellSouth shall be responsible for any uncollectible or unbillable revenues resulting from the unauthorized physical attachment to loop facilities from the Main Distribution Frame up to and including the Network Interface Device, including clip-on fraud to the extent such unbillable or uncollectible revenue results from the gross negligence or willful act or omission of BellSouth. BellSouth shall provide soft dial tone to allow only the completion of calls to final termination points required by law.

3. **Law Enforcement Interface**

BellSouth shall provide seven day a week/ twenty-four hour a day installation and information retrieval pertaining to traps, assistance involving emergency traces and information retrieval on customer invoked CLASS services, including call traces requested by SOSCo Security/Network services. BellSouth shall provide all necessary

## **PERFORMANCE MEASUREMENT**

### **1. PERFORMANCE MEASUREMENT**

- 1.1 BellSouth, in providing Services and Elements to SOSCo pursuant to this Agreement, shall provide SOSCo the same quality of service that BellSouth provides itself and its end-users. This Attachment 12 includes SOSCo's measurements for those requirements. The Parties have agreed to five (5) categories of Performance to be measured: (1) Provisioning; (2) Maintenance; (3) Billing (Data Usage and Data Carrier); (4) Data Bases, e.g. LIBD and (5) Account Maintenance. Each category includes measurements which focus on timeliness, accuracy and quality. BellSouth shall measure the following activities to meet the goals provided herein.
- 1.2 Except as otherwise provided in this Attachment 12, BellSouth shall provide data on a monthly basis for each state and for the nine states served by BellSouth. The data shall be reported to SOSCo in a mutually agreed upon format which will enable SOSCo to compare BellSouth's performance for itself with respect to a specific measure to BellSouth's performance for SOSCo for that same specific measure. BellSouth shall also provide the raw data used to calculate each measurement for SOSCo as reasonably requested by SOSCo. For provisioning and maintenance, separate measurements shall be provided as follows:
- POTS/Non-Design
    - Residence - Dispatch Out/Non-Dispatch Out
    - Business - Dispatch Out/Non-Dispatch Out
  - UNE - Dispatch Out/Non-Dispatch Out
  - Local Interconnection/Trunking
  - Specials - Design Only
- 1.3 BellSouth and SOSCo recognize that percentage target certain performance levels and data have not been provided for all measurements and that such targets for certain categories of performance will be required to improve performance, to maintain parity with that which BellSouth has obligated itself to provide under this Agreement, or to improve service as SOSCo and BellSouth may mutually agree. BellSouth and SOSCo agree to

meet and to discuss establishment of such targets quarterly, starting no later than ninety (90) days after actual performance occurs. Notwithstanding the foregoing, SOSCo reserves its rights to request targets that exceed parity. Such a request may require SOSCo to reimburse BellSouth for the reasonable and demonstrable cost BellSouth incurs to provide such performance, as the Parties may mutually agree.

## 2. PROVISIONING PERFORMANCE MEASUREMENTS

Provisioning performed by BellSouth will meet the following measurements:

- 2.1 **Desired Due Date:** Measures as a percent how often BellSouth is able to meet SOSCo's desired due date for provisioning Services, Elements, or Combinations. BellSouth has stated that it cannot provide this measurement at this time. The Parties agree to review BellSouth's ability to provide Desired Due Date no later than October 1, 1997. Until such time as BellSouth provides this measurement, BellSouth agrees to provide a range of intervals provided below that it represents are reflective of the time it takes to install Services, Elements, or Combinations. BellSouth shall measure and provide data on the performance intervals (for each of BellSouth and SOSCo Customers) and the Parties agree to meet to review interval data to assess whether the intervals should be improved, no later than August 1, 1997. In addition, BellSouth and SOSCo shall jointly develop by July 1, 1997, an audit plan that will provide data to demonstrate that the intervals provided by BellSouth to SOSCo are at parity with those BellSouth provided itself or its end-users.

Service	Interval
<b>INSTALLATION</b>	
Lines/trunks with no premises visit:	
<b>Business</b>	
1-3 lines	≤ 2 business days*
4-15 lines	≤ 4 business days*
Over 15 lines	As NEGOTIATED
<b>Residential</b>	≤ 2 business days*
Lines/Trunks with premises visit:	
<b>Business</b>	

1-2 lines	2 business days*
3-5 lines	4 business days*
6-10 lines	6 business days*
11-15 lines	9 business days*
Over 15 lines	AS NEGOTIATED
<b>Residential</b>	4 days*
Business lines/trunks; plant or other facilities not available and must be provisioned	AS NEGOTIATED
ESSX®/Multi Serv (Centrex)®(sm)	
New/To & From	AS NEGOTIATED
New Features (not in common block)	AS NEGOTIATED
Add/changes (in common block)	
1-3 lines	2 business days
4-9 lines	3 business days
10-24 lines	5 business days
Over 24 lines	AS NEGOTIATED
Unbundled Network Elements	
<b>Business or Residential</b>	The Parties agree to establish appropriate intervals for provisioning unbundled Network Elements by July 1, 1997.
<b>FEATURE CHANGES</b>	
Orders received before 3:00 pm	Completed on day of receipt
Orders received after 3:00 pm	Completed before 5:00 pm next business day
<b>SERVICE DISCONNECTS</b>	
With no premises visits	
<b>Business or Residential</b>	Within 24 hours after receipt of Service Order

\*Under normal business conditions

## 2.2 Committed Due Date Met:

Measures as a percent the actual date service provisioned compared to the date service was scheduled to be provisioned.

**Measurement:**

$$N = \frac{\text{Total Appointments Met}}{\text{Total Appointments Set}}$$

**2.3 No Trouble Reported within 30 Days of Order Completion:**

Measures reliability of service provided to SOSCo customers in first 30 days of service.

**Measurement:**

POTS: 
$$N = \frac{\text{All troubles on service installed } \leq 30 \text{ days in a calendar month}}{\text{Installations in a calendar month}}$$

Note: N and D are not the same order base.

Specials: 
$$N = \frac{\text{Troubles on service Installed } \leq 30 \text{ days}}{\text{Installations in a calendar month}}$$

Note: N and D are in the same order base.

**2.4 Firm Order Confirmation:**

Measures the timeliness of receiving a validation that the services ordered will be provisioned.

**Measurement:**

$$N = \frac{\text{Total Number of FOCs Sent for the segment of each 24 hour period}}{\text{Total Number of FOCs Sent in a 24 hour period}}$$

BellSouth agrees to collect and measure data in 4 hour segments through September 1, 1997. At that time, SOSCo and BellSouth will review BellSouth's ability to provide an Electronic FOC in four hours or less.

**2.5 Notice of Reject or Error Status Within 1 Hour of Receipt (Paper/Electronic):**

Measures the timeliness of receiving notification that a service order is incorrect and needs to be corrected:

**Measurement:**

$$N = \frac{\text{Number of Rejects or Error Status Sent in } \leq 1 \text{ hour}}{\text{Total Number of Rejects or Error Status Sent}}$$

**2.6 Service Orders Provisioned As Requested:**

(BellSouth and SOSCo agree to review appropriate information and develop a proposal to provide this measurement no later than August 1, 1997.)

**3. MAINTENANCE MEASUREMENTS**

**3.1 Time to Restore**

Measures average time it takes to restore to service Local Services, Network Elements, or Combinations.

**Measurement:**

$$N = \frac{\text{Total Duration Time}}{\text{Total Troubles}}$$

For Specials and Local Interconnection / Trunking:

$$N = \frac{\text{Responsible Duration Time}}{\text{Total Troubles}}$$

**3.2 Repeat Troubles**

Measures trouble reports from the same customer in a 30 day period.

$$N = \frac{\text{Total Repeats } < 30 \text{ days}}{\text{Total Troubles}}$$

**3.3 Trouble Resolution Notification**

BellSouth shall inform SOSCo of the restoration of Local Service, Network Element, or Combination after an outage has occurred by means of a telephone call until such time as a mechanized means of notification becomes available.

- 3.4 SOSCo will transmit repair calls to the BellSouth repair bureau by telephone until it is able to make use of the Electronic Interfaces pursuant to Attachment 15. BellSouth shall measure the average length of time it takes for the BellSouth repair bureau attendant to answer the telephone.

3.5 Missed Appointments

Measures when BellSouth misses meeting end user appointments that require a premise visit.

Measurement:

$$N = \text{Total Appointments met}$$
$$D = \text{Total Appointments set}$$

3.6 Report Rate

Measures the frequency of troubles reported within BellSouth's network.

Measurement:

$$N = \text{Number of Trouble Reports per month}$$
$$D = \text{Total number of lines}$$

4. BILLING (CUSTOMER USAGE DATA)

4.1 Timeliness

BellSouth will mechanically transmit, via CONNECT:Direct, all usage records to SOSCo's Message Processing Center once daily.

Measurement:

$$N = \text{Total Number of Messages Sent within six (6) calendar days from initial Recording}$$
$$D = \text{Total Number of Messages Sent}$$

Target:  $\leq 95\%$  of all messages will be delivered within 6 calendar days from initial recording

#### 4.2 Completeness

BellSouth will provide all required Recorded Usage Data and ensure that it is processed and transmitted within thirty (30) days of the message create date.

**Measurement:**

$$N = \text{Total number of Recorded Usage Data records delivered during the current month that are within thirty (30) days of the message create date.}$$
$$\frac{\text{D}}{N} \times 100$$

$$D = \text{Total number of Recorded Usage Data Records delivered during the current month.}$$

**Target:**  $\geq 98\%$  of all records delivered within 30 days of the message creation

#### 4.3 Recorded Usage Data Accuracy

##### 4.3.1 Format and Content

BellSouth will provide Recorded Usage Data in the format and with the content as defined in the current BellCore EMR document.

**Measurement:**

$$N = \text{Total Number of Recorded Usage Data Transmitted Correctly}$$
$$D = \text{Total Number of Recorded Usage Data Transmitted}$$
$$\frac{N}{D} \times 100$$

**Target:**  $\geq 98\%$  of all recorded records delivered will be transmitted correctly

##### 4.3.2 Transmission

BellSouth will ensure that the Recorded Usage Data is transmitted to SOSCo error free. The level of detail includes, but is not limited to: detail required to Rating the call, Duration of the call, and Correct Originating/Terminating information pertaining to the call. The error is reported to BellSouth as a Modification Request (MR). The type of MR that corresponds with each MR response time





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BellSouth/Mercury Agreement  
Insert new page.

placed on the providing party. To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the purchasing party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing party at the time that the respective service is billed.

D. If the purchasing party determines that in its opinion any such taxes or fees are not payable, the providing party shall not bill such taxes or fees to the purchasing party if the purchasing party provides written certification, reasonably satisfactory to the providing party, stating that it is exempt or otherwise not subject to the tax or fee, setting forth the basis therefor, and satisfying any other requirements under applicable law. If any authority seeks to collect any such tax or fee that was not billed by the providing party, the purchasing party may contest the same in good faith, at its own expense. In any such contest, the purchasing party shall promptly furnish the providing party with copies of all filings in any proceeding, protest, or legal challenge, all rulings issued in connection therewith, and all correspondence between the purchasing party and the taxing authority.

F. If it is ultimately determined that any additional amount of such a tax or fee is due to the imposing authority, the purchasing party shall pay such additional amount, including any interest and penalties thereon. Notwithstanding any provision to the contrary, the purchasing party shall protect, indemnify and hold harmless (and defend at the purchasing party's expense) the providing party from and against any such tax or fee, interest or penalties thereon, or other charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the providing party in connection with any claim for or contest of any such tax or fee. Each party shall notify the other party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority; such notice to be provided, if possible, at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than thirty (30) days after receipt of such assessment, proposed assessment or claim.

G. Taxes and fees imposed on the providing party, which are permitted or required to be passed on by the providing party to its customer, shall be borne by the purchasing party. To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the parties. Notwithstanding the foregoing, the purchasing party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the providing party at the time that the respective service is billed.

H. If the purchasing party disagrees with the providing party's determination as to the application or basis for any such tax or fee, the parties shall consult with respect to the imposition and billing of such tax or fee and with respect to whether to contest the imposition of such tax or fee. Notwithstanding the foregoing, the providing party shall retain ultimate responsibility for determining whether and to what extent any



Appendix C, Tab 321  
Taylor Rebuttal Testimony  
Insert new page.

1 A. The variation is explained partly by differences among the "models" used to  
2 calculate the discount and partly by differences in interpretation where parties claim  
3 to have relied on the FCC methodology for the calculation. Mr. Gillan's model is  
4 different enough from the rest to warrant a separate assessment (see below). The  
5 variation in the calculated discounts produced by other models can be attributed  
6 almost exclusively to (i) the range of cost categories that each party believes will be  
7 fully or partially avoided and (ii) differences in their calculated ratios of avoided  
8 direct to total costs.

9 Q. WHAT IS YOUR ASSESSMENT OF THESE CALCULATIONS?

10 A. MCI [Mr. Darnell] and the LPSC Staff [Mr. Barta] propose discount rates that are  
11 near the mid-point of the FCC's default range of 17-25 percent. The FCC explained  
12 its choice of the default range thus:<sup>18</sup>

13 We select the 17 to 25 percent range of default discounts based on our  
14 evaluation of the record. The adjusted results of the MCI model taken  
15 together with the results of ... state proceedings ... that indicated they  
16 applied the statutory standard produces, (sic) a range between 18.74 and  
17 25.98 percent. ... We select 25 percent as the top of the range because it  
18 approximates the top of the range of results produced by the modified  
19 MCI model.

20 The discount rate proposals by Mr. Darnell and Mr. Barta, however, remain subject  
21 to the criticisms I made earlier, namely, (i) they include several cost categories that  
22 do not belong in the calculation, and (ii) by adhering to the FCC methodology, they  
23 calculate the *indirect* avoided cost in an indefensible and fallacious manner.

24 AT&T [Ms. McFarland's] proposed figure of 28.99% is, in my opinion, a serious  
25 overestimate that cannot be regarded as credible. As I have explained, a number of  
26 the cost categories in Ms. McFarland's calculation have no basis for inclusion in her  
27 model. It is noteworthy that her proposed figure is well in excess of the *upper* limit  
28 (namely, 25%) of the default range for the wholesale discount suggested by the

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<sup>18</sup> FCC Order, ¶933.



Appendix D, Tab 4  
AT&T Opposition to Ameritech Motion  
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Ameritech is in a position to make the offer to "surrender its local exchange advantages provided it can simultaneously rid itself of the . . . interexchange prohibition" attests to its continuing monopoly -- only one with market power could propose to permit competition on the basis of self-imposed conditions. See Amer. Mem., p. 5 (emphasis added). Similarly, only one confident that it would be better off by making this offer would rationally do so.

Finally, Ameritech makes two other, related arguments concerning alleged changes in market circumstances, each of which lacks merit. First, Ameritech argues (Amer. Mem., pp. 10-11) that it should be allowed to enter the interLATA market because now there are several well-established carriers. Although it may be true that there is little reason to fear that Ameritech could monopolize the interexchange market -- driving AT&T, MCI and Sprint out of business -- that does not mean that Ameritech would be precluded from using its complete monopoly in the local exchange market to impede competition in the long-distance market through cross-subsidies and other anticompetitive measures (as demonstrated throughout this response). See, e.g., Willig/Bernheim Aff., pp. 36-37. As Ameritech's expert also correctly states, an RBOC would exercise market power if it used its monopoly position in the exchange to "eliminate" or "constrain" a "more efficient [long distance] rival," even if other long distance carriers remained in the market. Teece Report, ¶ 10; see id., ¶¶ 13-24.